

28 OCT 1959

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SNIE 25-59

27 October 1959

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SPECIAL
NATIONAL INTELLIGENCE ESTIMATE
NUMBER 25-59

AUSTRIA'S POSITION BETWEEN
EAST AND WEST

Submitted by the
DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the
UNITED STATES INTELLIGENCE BOARD

on 27 October 1959. Concurring were the Director of Intelligence and Research, Department of State; the Assistant Chief of Staff for Intelligence, Department of the Army; the Assistant Chief of Naval Operations for Intelligence, Department of the Navy; the Assistant Chief of Staff, Intelligence, USAF; the Director for Intelligence, The Joint Staff; the Assistant to the Secretary of Defense, Special Operations; and the Director of the National Security Agency. The Atomic Energy Commission Representative to the USIB, and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.

DOCUMENT NO. 1
NO CHANGE IN CLASS. []
☐ DECLASSIFIED
CLASS. CHANGED TO: TS S © 1991
NEXT REVIEW DATE:
AUTH: HR 70-2
DATE: 8-21-81 REVIEWER: 009256

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Nº 341

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AUSTRIA'S POSITION BETWEEN EAST AND WEST

THE PROBLEM

To reassess Austria's diplomatic and military posture vis-a-vis the Soviet Bloc and the West, with particular reference to: (a) the extent of Austria's cooperation with the West in peacetime, and (b) Austria's probable actions in the event of a major international crisis or war.¹

DISCUSSION

I. INTRODUCTION

1. The Austrian Government and people are overwhelmingly Western and anti-Communist in their basic orientation. However, Austria's freedom of action is sharply circumscribed both by its vulnerable position vis-a-vis the Bloc and by the specific commitments to neutrality which it was required to make in 1955 to end the occupation. The State Treaty of May 1955 does not contain any provisions for Austrian neutrality. However, the Soviets accepted the Treaty only after Austrian agreement to a bilateral Austrian-Soviet memorandum of understanding calling for Austrian adoption of a neutrality "of the type maintained by Switzerland." Pursuant to this memorandum the Austrian Parliament in October 1955 adopted a constitutional law committing Austria to "perpetual neutrality" and promising that Austria would neither enter into military alliances nor allow the establishment of foreign bases on its territory. Although this commitment, strictly speaking, provided only for military neutrality, Aus-

trian international conduct since 1955 has in practice been viewed by the Austrians in terms of its consistency with a broader application of neutrality extending to many political questions.

2. Since 1955, Austria has taken a number of steps demonstrating its affinity with the West as against the Bloc. For example, it gave asylum to the Hungarian refugees, expelled the secretariats of the Communist-controlled World Federation of Trade Unions and World Peace Council, joined the Council of Europe and participated in Outer Seven negotiations, and has relied for the most part on US assistance in developing its modest military establishment.

3. From the beginning, the Austrians attempted to balance these actions by scrupulous correctness and adherence to their obligations to the Bloc, and by some actions which have been widely interpreted as favoring the Bloc. Over the last year or two, the number and scope of such actions have increased somewhat. This recent tendency in Austrian policy has been brought about largely by the growth of Soviet power and by the increasingly active efforts of the USSR to induce Austria, as well as other Western countries, to come peacefully to terms with it. Austria has also

¹ For the particular issues discussed herein, this estimate supersedes NIE 25-55, "Outlook for an Independent Austria," dated 23 August 1955. Our earlier estimate remains basically valid as a longer analysis of Austria's prospects and of the factors governing its foreign and military policy.

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been influenced by the fact that other powers, including the US, have been expanding their relations with the USSR and the Bloc.

4. Thus, while Austria has kept up its close economic and cultural ties with the West, it has exchanged a series of cordial high-level visits and developed extensive personal and cultural contacts with the USSR. In addition, Austria has abstained both in 1958 and 1959 on the Communist China recognition issue in the UN and is now supporting Poland's candidacy for the Security Council. It has recently adhered to the Soviet-sponsored Danube Convention. Meanwhile, there has been increased talk in both major parties of the desirability of adopting a more detached neutrality such as that of Switzerland. Chancellor Raab and others have made the suggestion that Austria could serve as a "bridge" between East and West.

II. PROBABLE AUSTRIAN COURSES OF ACTION IN PEACETIME

Basic Policy

5. Neutrality is a new and even revolutionary concept in Austria, and no definite national interpretation has yet been formulated. Austria's actions will involve some further expansion of the concept of neutrality into the political field. However, Austria will continue to be drawn toward the West by economic self-interest, political sympathies, and indeed by its entire cultural background, and no basic change in the direction of Austrian policy is likely.

6. Austrian policy will continue to be responsive to the relative power situation between East and West, and to the status of US-Soviet relations in particular. Barring a drastic change in these basic power relations, the Austrians will continue their balancing act. They consider this to be the best defense of their neutral status and in fact of their continued national existence. If an ultimate decision were required, the Austrians would cast their lot with the West. Their current policy, however, is to try to avert a situation in which they would be forced to make such a decision.

Political

7. Austria will probably generally abstain in UN organizations where East-West issues are sharply drawn. Some Austrian leaders may attempt to play the mediator between East and West on European security problems, possibly causing some embarrassment to the US and its NATO partners, but they are unlikely to go very far because of the general Austrian desire to maintain Western military strength in Europe and because of widespread Austrian skepticism about Austria's ability to play such a role. The Austrians will probably make much of their willingness to increase cultural and official exchanges with the Bloc, believing that the anti-Communist outlook of the Austrian people would not be affected to any significant degree by these contacts.

Economic

8. The USSR has made no specific objection to Austria's membership in the Outer Seven. However, resolution of the Outer Seven's difficulties with the European Economic Community (EEC, or the Six) could pose a potentially serious conflict between Austria's need for access to EEC markets and its desire to avoid offending the USSR, which regards Western European economic integration and especially its supranational political implications with great suspicion. Assuming that the Outer Seven materializes, Austria will of necessity work as a member of this group for an accommodation between the Six and the Seven which would enable it to participate without Soviet objection. In the last analysis, however, the magnitude of Austria's economic ties would probably impel it to go along with whatever accommodation was reached, despite any Soviet protests. If the final tie was opposed by the USSR, the Austrians would probably seek some other corresponding action favoring the Bloc, as part of the balancing act.

9. Austria's trade with the Bloc, excluding reparations, is less than 15 percent of total foreign trade. The ending of industrial reparations deliveries in 1961 will leave the Austrians with some industrial capacity that will probably seek Bloc markets, and many Aus-

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trian industrialists are not averse to expansion of Bloc trade. If Western markets remain open, however, such expansion is unlikely to be of such magnitude as to create serious dependence on the Bloc or be the basis for heavy Bloc leverage.

Military

10. The size and nature of the Austrian military establishment have been determined by a combination of neutrality concepts and considerations of fiscal economy. Austrian annual military spending since the end of the occupation has never exceeded two percent of GNP. Present total armed force strength is about 55,000² (including nearly 4,000 in the air force), which is still short of the goal of 60,000 in 1960. At present, Austrian forces are capable of little more than maintaining internal security. The Austrian Air Force is still in its formative stage and has no combat capability. The US military aid program to date has been designed to supply the major items of equipment for the Austrian Army, and is now nearing completion.

11. Austria has now put forward a proposal (requiring legislative action) for a ready reserve of 120,000, which would increase Austrian defensive capabilities by supplementing the regular forces and freeing them for use as a strategic force. To carry out this program, Austria has requested US assistance. In addition, there are indications that Austria may request that the US furnish combat aircraft, and may even suggest, at least for bargaining purposes, a total package calling for a wide variety of new equipment.

12. The Austrian Socialist Party, motivated by a desire to expand welfare programs and also by a traditional distrust of standing armed forces, has been largely responsible for a reduction of planned defense allocations for 1960, to a level roughly the same as actual spending in the years 1957-1959. This level of spending, which would barely support the

² This represents a "peak" figure. The strength of the Austrian armed forces has fluctuated between 40,000 and 55,000 in response to the semiannual turnover of nine-month conscripts.

present Austrian forces, will presumably be approved by the Parliament. The prevailing Austrian mood is such that, despite continuing economic prosperity, no substantial increases in defense spending are likely barring a change in circumstances.

13. If the Austrians request additional US aid, beyond the completion of the present program—possibly equipment for some version of the reserve proposal, possibly aircraft or other new types of equipment—it is necessary to consider the possible consequences of a US refusal to give such aid. The Soviet Bloc has also in the past made offers to Austria, including jet combat aircraft at bargain prices, and the Defense Ministers of Austria and the USSR have exchanged visits during which the subject of Soviet aid has almost certainly come up. We believe the Austrians would much prefer to obtain US aid, or to purchase from other Western European countries at favorable prices. (The Austrians have negotiated with Italy for jet aircraft, but these negotiations have been suspended indefinitely because of the South Tyrol issue.) On the other hand, a limited amount of Soviet aid might appear a useful balancer.

14. Under present circumstances, with some US aid still in the pipeline, we do not believe that a US refusal of additional aid would cause the Austrians to turn to the Bloc, since the Austrian need would not be acute and they would still hope for a future change in the US decision. Without the clear prospect of US aid, we do not believe the Austrians would take the legal steps to initiate the reserve proposal. However, as to aircraft and other modern equipment, if present aid programs had come to an end and the US continued to refuse to supply such equipment, and if such equipment were not available at favorable prices from alternate non-Soviet sources, the odds are slightly better than even that Austria would eventually turn to the Bloc for key items, despite any US objections.

15. In other aspects of peacetime military cooperation with the West, Austria will almost certainly continue restrained. It will not be willing to enter into any formal accord calling for secret joint military planning with the

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West; the most that could be hoped for, assuming US aid continues, would be some personal covert contacts to discuss plans against the contingency of a Soviet invasion. As to routine military overflights, Austria will continue to grant limited clearance.

III. PROBABLE AUSTRIAN COURSES OF ACTION IN A MAJOR INTERNATIONAL CRISIS OR GENERAL WAR

16. In the event of a grave international crisis or general war, the Austrian Government would probably endeavor to pursue a policy of strict neutrality. Austrian opinion, however, would be clearly favorable to the West, and the government would find it difficult to prevent expressions of Western sympathy and the occurrence of minor acts in favor of the West.

17. Austrian reaction to violations of its neutrality would vary considerably depending upon the identity of the violator, the existing balance of military power, and the estimated likely counteractions of the other power bloc.

a. *Any serious violations of Austrian neutrality by the Soviet Bloc*, under whatever circumstances, would probably lead Austria to appeal for Western aid, and to enter into active cooperation with the West. If faced by an invasion by Bloc forces, Austria would almost certainly make an initial defensive effort. Whether this would be continued would depend

largely upon whether prompt Western military support was forthcoming.

b. *Lesser violations by the Soviet Bloc* would occasion Austrian protests and appeals to the UN, and incline Austria closer to the West. However, such leanings would probably stop short of active cooperation with the West, especially if Soviet actions appeared to be a response to, or were balanced by, similar Western actions. Soviet requests for special concessions would be rigidly turned down so long as similar concessions had not been made to the West and the West maintained a significant military capability near at hand.

c. In the event of *minor Western violations of Austrian neutrality*, without prior Soviet Bloc violation, Austria would probably limit itself to diplomatic protests, either directly or through the UN. *Inursions by NATO ground forces*, on the other hand, would probably elicit an Austrian counteraction, although it is unlikely that Austrian forces would seriously engage Western forces if NATO action were limited to Western Austria and appeared essentially of a denying nature. Austria will remain sensitive on the matter of *military overflights*, and might protest such action. However, counteraction would be unlikely, and in any event would currently be ineffective.

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